

## INTRODUCTION: Source and Availability of the Balance in the Account of the U.S. Treasury

The Department of Treasury's (Treasury) operating cash is maintained in accounts with the Federal Reserve Banks (FRBs) and branches, as well as in tax and loan accounts in other financial institutions. Major information sources include the Daily Balance Wire received from the FRBs and branches, and electronic transfers through the Letter of Credit Payment, Fedline Payment and Fedwire Deposit Systems. As the FRB accounts are depleted, funds are called in (withdrawn) from thousands of tax and loan accounts at financial institutions throughout the country.

Under authority of Public Law 95-147, Treasury implemented a program on November 2, 1978, to invest a portion of its operating cash in obligations of depositaries maintaining tax and loan accounts. Under the Treasury tax and loan investment program, depositary financial institutions select the manner in which they will participate. Financial institutions wishing to retain funds deposited into their tax and loan accounts in in-ter-

est-bearing obligations participate under the Note Option. The program permits Treasury to collect funds through financial institutions and to leave the funds in Note Option depositaries and in the financial communities in which they arise until Treasury needs the funds for its operations. In this way, Treasury is able to neutralize the effect of its fluctuating operations on Note Option financial institution reserves and on the economy. Likewise, those institutions wishing to remit the funds to the Treasury account at FRBs do so under the Remittance Option.

Deposits to tax and loan accounts occur as customers of financial institutions deposit tax payments, which the financial institutions use to purchase Government securities. In most cases, this involves a transfer of funds from a customer's account to the tax and loan account in the same financial institution. Also, Treasury can direct the FRBs to invest excess funds in tax and loan accounts directly from the Treasury account at the FRBs.

**TABLE UST-1.—Elements of Change in Federal Reserve  
and Tax and Loan Note Account Balances**

[In millions of dollars. Source: Financial Management Service]					
Fiscal year or month	Credits and withdrawals				
	Federal Reserve accounts			Tax and loan note accounts	
	Credits <sup>1</sup>	Received through Re mit- tance Op tion tax and loan depositaries	Withdrawals <sup>2</sup>	Taxes <sup>3</sup>	Withdrawals (transfers to Fed eral Reserve accounts)
	Received directly (1)				
1995 .....	3,904,812	226,833	4,129,866	642,952	642,716
1996 .....	4,366,413	194,156	4,561,495	629,083	621,887
1997 .....	4,263,210	191,134	4,454,345	775,799	776,394
1998 .....	4,238,957	259,197	4,500,895	969,668	971,671
1999 .....	4,893,279	259,019	5,150,608	1,048,120	1,032,230
1999 - Mar. ....	432,087	25,994	457,245	94,848	78,696
Apr. ....	638,403	20,287	654,024	97,109	65,263
May ....	376,386	16,401	397,771	74,694	102,205
June ....	460,130	22,476	480,942	110,685	84,890
July ....	352,815	17,805	372,356	81,092	92,909
Aug ....	443,460	17,931	460,817	80,137	83,871
Sept. ....	436,562	21,880	457,360	107,408	88,422
Oct. ....	323,814	17,937	343,865	79,089	85,867
Nov ....	419,956	18,046	437,504	80,857	122,843
Dec ....	459,798	29,680	466,101	134,558	80,688
2000 - Jan. ....	417,210	19,554	459,047	95,482	93,793
Feb ....	429,393	18,612	449,120	87,679	127,337
Mar ....	498,369	22,969	521,985	114,557	91,103

See foot notes at end of table.

**TABLE UST-1.—Elements of Change in Federal Reserve  
and Tax and Loan Note Account Balances, con.**

[In millions of dollars. Source: Financial Management Service]

Fiscal year or month	Balances							
	End of period		During period					
			High		Low		Average	
	Federal Reserve (6)	Tax and loan note accounts (7)	Federal Reserve (8)	Tax and loan note accounts (9)	Federal Reserve (10)	Tax and loan note accounts (11)	Federal Reserve (12)	Tax and loan note accounts (13)
1995 .....	8,620	29,329	20,977	41,288	2,826	99	6,127	16,955
1996 .....	7,700	36,525	15,668	40,647	2,490	-	5,847	14,194
1997 .....	7,692	35,930	52,215	38,811	3,145	874	6,836	17,957
1998 .....	4,952	33,926	41,801	61,150	3,407	414	6,249	22,856
1999 .....	6,641	49,817	10,305	65,585	3,777	100	5,645	20,562
1999 - Mar. ....	5,374	16,252	10,305	21,963	4,671	5,213	5,463	12,082
Apr. ....	10,040	48,098	10,052	65,585	3,873	1,557	6,379	16,489
May ....	5,056	20,586	10,040	48,098	4,095	18,897	5,421	28,434
June ....	6,720	46,382	8,021	57,036	3,838	923	5,929	24,022
July. ....	4,984	34,565	6,141	38,665	4,566	15,642	5,221	27,191
Aug. ....	5,559	30,831	5,703	34,565	4,439	3,018	5,076	9,184
Sept. ....	6,641	49,817	10,128	65,300	4,146	3,714	6,389	29,293
Oct. ....	4,527	43,040	6,305	43,040	4,334	15,509	5,179	28,606
Nov. ....	5,025	1,054	6,193	21,412	3,940	1,054	5,055	8,047
Dec. ....	28,402	54,925	28,402	82,705	3,372	45	8,250	39,016
2000 - Jan. ....	6,119	56,615	28,402	67,332	3,716	24,911	8,148	52,495
Feb. ....	5,004	16,958	5,866	54,155	4,239	481	5,268	24,597
Mar. ....	4,357	40,413	7,611	65,592	4,357	6,200	5,344	14,148

<sup>1</sup> Represents transfers from tax and loan note accounts, proceeds from sales of securities other than Government account securities and taxes.

<sup>2</sup> Represents checks paid, wire transfer payments, drawdown on letters of credit, redemptions of securities other than Government account securities and investment (transfer) of excess funds out of this account to the tax and loan note accounts.

<sup>3</sup> Taxes eligible for credit consist of those deposited by taxpayers in the tax and loan depositories as follows: Withheld income taxes beginning March 1948; taxes on employers

and employees under the Federal Insurance Contributions Act beginning January 1950 and under the Railroad Retirement Tax Act beginning July 1951; a number of excise taxes beginning July 1953; estimated corporation income taxes beginning April 1967; all corporation income taxes due on or after March 15, 1968; Federal Unemployment Tax Act taxes beginning April 1970 and in individual estimated income taxes beginning October 1988.